

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 L-03 SS-15 SSO-00 INR-07

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O 150912Z JUN 77

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC IMMEDIATE 3918

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STADIS//////////

E.O. 11652: N/A

TAGS: EAIR, TW, US

SUBJECT: CIVAIR-SPECIAL CONTAINER RATE DISPUTE

REF: (A) STATE 131137, (B) STATE 134797, (C) TAIPEI 3132

1. EMBASSY HAS BROUGHT TO ATTENTION OF GENERAL MAO POINTS CONTAINED REF A. MAO ASSURED EMBOFF THAT HE WOULD CONTINUE TO FOLLOW QUOTE STANDARD, ACCEPTED INTERNATIONAL PROCEDURE UNQUOTE IN SEEKING AMENDMENT OF RATE STRUCTURE. MAO ALSO COMMENTED THAT CCAA HAD HAD CHINA AIR LINES (CAL) REQUEST TARIFF CHANGES, WHICH CONTRADICTS INFORMATION RECEIVED EARLIER FROM LOCAL PANAM AND FLYING TIGER REPRESENTATIVES THAT TO THE BEST OF THEIR KNOWLEDGE INITIATIVE FOR MAY 20 CAL FILING HAD NOT COME FROM CCAA.

2. AS PREVIOUSLY INDICATED, THERE ARE SEVERAL POSSIBLE REASONS FOR GENERAL MAO'S ACTIONS, BESIDES INTEREST OF CHINA AIR LINES (ALSO OBVIOUSLY A POSSIBILITY DESPITE ADMIRAL HSU'S DISCLAIMER). AMONG THEM ARE MAO'S DESIRE TO BE RID OF POLICING PROBLEMS ATTENDANT TO HIS TRYING TO PREVENT MISUSE OF THE RATE CATEGORY (SHIPPING GOODS WHICH DO NOT QUALIFY), AND HIS DESIRE TO ESCAPE CENSURE

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FROM MAJORITY OF HIS AIRLINES CONSTITUENTS, WHICH FAVOR ABOLISHING 9902-4. THERE MAY ALSO BE SOME TRUTH TO HSU'S CONTENTION THAT IN FUTURE AIRLINES OTHER THAN NORTHWEST MAY NOT BE ABLE TO CONTINUE TO OFFER SERVICE AT 9902-4 RATES, AND THAT CONSEQUENTLY, IF THERE IS NO RATE ADJUSTEMENT, ALL THE GOODS WHICH NEED TO BE AIRFREIGHTED WILL NOT BE CARRIED. HOWEVER, EMBASSY IS MORE INCLINED

TO BELIEVE MOC HAS BEEN ATTEMPTING TO RATIONALIZE ACTIONS OF GENERAL MAO AFTER FACT. GENERAL MAO HAS ADMITTED TO NOTHING MORE IN THE WAY OF MOTIVATION THAN OPINION THAT A RATE HIKE WAS NEEDED. HIS ACTIONS, AFTER ALL, COULD CONCEIVLY REFLECT NOTHING MORE THAN DESIRE TO RECOUP LOSS OF FACE, AS HE HAS ALREADY BEEN FORCED TO BACK DOWN ONCE ON THIS ISSUE.

3. EMBASSY IS ALSO UNWILLING TO SPECULATE ON MAO'S FUTURE ACTIONS, INASMUCH AS HIS INTERPRETATION OF STANDARD INTERNATIONAL PROCEDURE MAY NOT BE OUR OWN. HE HAS ALREADY INDICATED BELIEF THAT ALL TARIFFS ARE NO EQUALLY BILATERAL, SOME ARE MORE BILATERAL THAN OTHERS. SPECIFICALLY, 9902-4 SERIES TARIFFS, HE CONTENDS, BECAUSE THEY AROSE AS A RESULT OF A WARTIME SITUATION, AT THE INITIATIVE OF ONE AIRLINE, AND AFFECT ONLY EASTBOUND CARGO, ARE NOT IN SAME CATEGORY AS MOST. HE HAS ALSO EXPRESSED DOUBTS THAT THE CAB COULD GRANT RATE INCREASE TO CAL AND OTHER FOREIGN CARRIERS, BUT LEAVE NORTHWEST FREE TO CONTINUE TO USE LOWER TARIFF.

4 . EMBASSY HAS BEEN TOLD BY GENERAL INSTRUMENTS REPRESENTATIVE THAT ACCORDING TO HIS HEAD OFFICE SOURCES, CCAA SENT A LETTER TO CAB SUBSEQUENT TO FILING BY CAL CITING THAT FILING AS GROUNDS FOR AUTOMATIC ACTION BY CCAA TO CANCEL 9902-4 WITHIN 30 DAYS IF CAB DID NOT ACT. FURTHERMORE, CAB WAS SAID TO BE INDIFFERENT AS TO WHAT GENERAL MAO DID OR DID NOT DO ON JUNE 19, VEN IF IT INVOLVED UNILATERAL ACTION. GENERAL INSTRUMENTS AND RCA LIMITED OFFICIAL USE

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REPRESENTATIVES SAY THEY HAVE BEEN UNSUCCESSFUL IN SCHEDULING APPOINTMENTS WITH MOC AND EVEN MINISTRY OF ECONOMIC AFFAIRS AT MINISTERIAL AND VICE-MINISTERIAL LEVEL TO DISCUSS ISSUE, AND IF APPARENT COLD SHOULDER CONTINUES, THEY WILL SEEK APPOINTMENT DIRECTLY WITH PREMIER. CONSEQUENTLY, IT WOULD BE MOST USEFUL IN HEADING OFF POSSIBLE UNILATERAL ACTION ON JUNE 19 IF CAB AND DEPARTMENT INTENTIONS WERE MADE KNOWN TO OURSELVES AND GENERAL MAO AT LEAST A DAY BEFORE THAT DEADLINE, SO THAT HE WOULD NOT BE FORCED INTO POSITION OF HAVING TO PUBLICLY REVERSE A MOVE HE HAD ALREADY IMPLEMENTED.

5. GENERAL MAO, WITH REFRESHING DIRECTNESS, HAS INFORMED US THAT HIS RESPONSE TO OUR REQUEST FOR DATA ON JAPAN ASIA AIRWAYS PASSENGER AND CARGO TRAFFIC (REF B) THROUGH THE ROC WILL DEPEND ON THE ACTIONS OF THE U.S. CAB ON THE CONTAINER RATE FILING OF CHINA AIR LINES.

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